



Secretary of the Air Force
Office of Legislative Liaison

CONGRESSIONAL HEARING RESUME

106th Congress

Date: 7 December 1999

SUBJECT: Hearing on F-22 Cost Controls

COMMITTEE: House Government Reform Committee
Subcommittee on National Security, Vet Affairs, and International Relations

CHAIRMAN: The Honorable Chris Shays (R-CT)

OTHER COMMITTEE MEMBERS PRESENT: John Tierney (D-MA), John Mica (R-FL)

OTHER MEMBERS PRESENT: Saxby Chambliss (GA)

WITNESSES: Dr George Schneider, USD (A&T) Director of Strategic and Tactical Systems
Mrs Darleen Druyun, SAF/AQ, Principal Deputy (Acq & Mgt)

Information contained in this resume was obtained during an open hearing. It will not be released outside of the Department of Defense (DoD) agencies until published hearing transcripts have been released by the Committee, and only to the extent it is in accord with published hearing procedures.

Prepared by: Lt Col Dan Adams **Date:** 7 Dec 1999
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EXECUTIVE SUMMARY

The Subcommittee convened this hearing to examine how the Air Force has implemented cost control strategies and dealt with schedule overruns in the F-22 program. Primary issues raised were what cost control measures has the DoD implemented in the F-22 program? And what measures has the DoD taken to stay on schedule in the F-22 aircraft program? CM Shays pointed out GAO's concerns of large acquisition programs. CM Tierney went further; citing specific concerns from the Mar 99 GAO report on the F-22 program. Dr. Schneider briefly summarized the DoD requirements and acquisition processes, emphasizing the role of DoD senior leadership in decision making. Mrs. Druyun then provided an in-depth briefing on the F-22 program. Her briefing covered why we need the F-22, EMD costs, production costs, avionics status, testing status, and affordability. During questions and answers, CM Shays expressed concern over establishing a program baseline from which he could make comparisons of program performance. Also at issue during the Q&A were F-22 program impacts should the C-130J production line close, the relationship of the F-22 and the JSF, and overall TacAir modernization affordability. CM Mica and CM Chambliss provided supportive comments on the F-22 program. They also asked Mrs. Druyun several questions enabling her to underscore the message that the cost control strategy is yielding a successful program that is not only affordable, but will come in under the Congressional cost cap.

The Subcommittee was called to order at 1010.

OPENING REMARKS

Chairman Shays

Acknowledged the need for the F-22's capability in terms of ensuring America's armed forces should never be sent to fight a "fair fight." Pointed out GAO's concerns of large acquisition programs. Specifically cited GAO's critique of F-22 cost growth and schedule delays.

Rep. Tierney

Echoed CM Shays but took more detail from the Mar 99 GAO report.

WITNESS STATEMENTS

Dr. Schneider

Provided short, five-minute testimony detailing the DoD requirements and acquisition processes. Throughout his description of these processes, he emphasized the role of DoD senior leadership in the approval of each phase.

Mrs. Druyun

Gave a 30-minute testimony starting with why U.S. needs the F-22. She explained the F-15 is unable to operate in an advanced SAM environment and is at rough parity with Su-27 and MiG-29. F-22 has stealth, supercruise, maneuverability, and integrated avionics essential to air dominance. She also emphasized the relationship of the F-22 to the JSF. She then covered EMD costs, detailing airframe and engine contract cost track record since '91. She stated that better than expected cost reduction program results will be used to offset future cost risks. Her next point of emphasis was production cost controls methodologies that will result in a unit flyaway cost of \$84.7M per aircraft. She highlighted the good news story of avionics software development coming in ahead of schedule. She summarized F-22 testing to date; citing the test program successes have given her confidence the

program is ready for low rate initial production (LRIP). Her last point was that the program is affordable when looked at from an historical trend. Over the last 30 years, the USAF has spent an average of 16% of its TOA on aircraft RDT&E and procurement. F-22, JSF, and other aircraft modernization programs planned over the FYDP fit well within this norm.

KEY COMMENTS, QUESTIONS, AND ANSWERS

- **CM Shays** stated “Congress needs to do a better job of oversight” of the F-22. He then asked Dr Schneider who has ultimate accountability in DoD for acquisition. Dr Schneider replied Dr Gansler, USD (A&T) is the ultimate authority. **CM Shays** then asked Mrs Druyun why wing deliveries were delayed after AF gave Congress assurances the problem had been resolved. Her response was the program office aggressively worked the problem and wing delivery slips have not delayed the overall program schedule. CM Shays was also concerned about confusion surrounding the F-22 program baseline.
- **Rep Tierney** asked about the impact of the FY00 production funding cut and program delay in FY01 and 02. Mrs Druyun pointed out the additional funding requirements in those years. **CM Tierney** also asked if there would be any impact on F-22 if LM closes the C-130J production line. Mrs Druyun replied she knows LM management is aggressively working to minimize any impact on the F-22 program. She said she would provide an estimate of the impact for the record. **CM Tierney** then asked why DoD is not using historical models to estimate costs. Mrs Druyun responded that historical models don’t work as well in the new paradigm of acquisition reform. She used F-16 buys after the 91-92 timeframe as an example showing how historical models would have shown a much higher cost than they actually were to the AF. She also noted the lean acquisition initiatives currently underway in defense programs. **CM Tierney** then asked if the CRS’s estimate of \$350B for all TacAir modernization programs was affordable. Mrs Druyun replied referring to the “sand chart” showing AF is below historical 16% over the last 30 years. **CM Tierney** asked Mrs Druyun to comment on Gen Ralston’s testimony on TacAir modernization during a previous hearing. Mrs Druyun responded that she was not familiar enough with the testimony to comment, but would be willing to send a response for record later. **CM Tierney’s** last question for Mrs Druyun was if all testing would be complete before F-22 production. Her response was no; traditionally, major acquisition programs start LRIP before all development testing is complete.
- **CM Mica** was very supportive of the Air Force management of the F-22. He asked would the program have been ready for an LRIP contract if the FY00 appropriations bill allowed it. Mrs Druyun gave a resounding yes. He also asked if the congressional cap is attainable. Again, yes.
- **CM Chambliss** gave high praise to Mrs Druyun and the F-22 Team. All questions he asked enabled Mrs Druyun and Dr Schneider to reemphasize their message that the DoD has a successful cost control strategy for the F-22. The impact of the cost control measures will be an acquisition program that will be both affordable and will come in under the congressional cap.